

REPORT

To the Honorable Mayor and City Council
From the City Manager

March 9, 2012

Subject

Monthly Investment Report for Period Ending February 29, 2012.

Background

The attached investment report indicates that on February, 2012 surplus funds (excluding cash with fiscal agents) from all sources in the amount of \$121,881,667.95 were invested producing an average yield of 0.813 %. The target Fed Funds rate for February is 0.25%. The report represents all securities in which City funds, including all trust funds and agency funds are invested (excluding deferred compensation plans) and all of these investments are in compliance with the City policy.

Securities purchased in the month of February:

Investment Type	Date purchased	Par Amount	Interest Rate	Matures
Federal Home Loan Bank	02/10/2012	\$3,000,000.00	0.600%	02/10/2015
Federal Home Loan Mortgage Corp.	02/13/2012	\$3,000,000.00	0.550%	02/13/2015
Federal Home Loan Mortgage Corp.	02/27/2012	\$3,000,000.00	0.550%	02/27/2015

Securities matured, called, or sold in the month of February

Investment Type	Date	Par Amount	Interest Rate
Federal National Mortgage Assoc	02/08/2012	\$ 3,000,000.00	1.150 %
Federal Home Loan Bank	02/13/2012	\$ 3,000,000.00	0.750 %
Federal Home Loan Mortgage Corp.	02/15/2012	\$ 3,000,000.00	1.100 %

The City's investment policy requires that approximately 50% of idle funds be placed in liquid investments, not more than 50% of idle funds be invested for more than one year, and not more than 25% of idle funds be invested for more than two years. Based on the City's current investments:

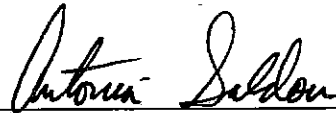
Investment Term	Policy Requirements	Actual
Liquid (minimum)	\$60,893,333.98	\$82,994,227.95
With maturity greater than one year (max)	\$60,893,333.98	\$96,071,940.00
With maturity greater than two year (max)	\$30,446,666.99	\$90,040,950.00

Investment brokers used to purchase securities for the City this month: Morgan Stanley Smith Barney.

As of February 29, the City has sufficient liquid resources available to meet expenditure requirements for the next six months.



Brian J. Ponty
Director of Finance



Antonia Saldou
Acting Deputy Treasurer

c: Robert Bell, City Manager

I N V E S T M E N T P O R T F O L I O

29 FEB 2012

TYPE	DATE PURCHASED	PURCHASE PRICE (\$)	MATURITY DATE	YIELD %	PAR VALUE (\$)	% OF PORTFOLIO	MARKET VALUE (\$)(2)	Average MATURITY (Months)	NEXT CALL DATE

US AGENCIES, SECURITIES, AND CORPORATE NOTES									
Federal Home Loan Mortgage Corp.	01-30-12	3,000,000.00	01-30-13	0.800	3,000,000.00	2.461	3,001,710.00	0.27	01-30-13
Federal National Mortgage Assoc.	(1) 09-17-10	3,000,000.00	09-17-13	1.125	3,000,000.00	2.461	3,032,580.00	0.44	
Federal National Mortgage Assoc.	(1) 09-27-11	3,000,000.00	09-27-13	0.550	3,000,000.00	2.461	2,998,410.00	0.47	03-27-12
Federal Home Loan Mortgage Corp.	(1) 09-20-11	3,000,000.00	03-20-14	0.520	3,000,000.00	2.461	3,002,670.00	0.62	09-20-12
Federal Home Loan Bank	(1) 03-28-11	3,000,000.00	03-28-14	1.400	3,000,000.00	2.461	3,002,700.00	0.62	03-28-12
Fed Farm Credit	(1) 05-02-11	3,000,000.00	05-02-14	1.340	3,000,000.00	2.461	3,004,620.00	0.64	05-02-12
Federal Home Loan Bank	(1) 05-16-11	3,000,000.00	05-16-14	1.320	3,000,000.00	2.461	3,006,930.00	0.64	05-16-12
Federal Home Loan Bank	(1) 05-23-11	3,000,000.00	05-23-14	1.125	3,000,000.00	2.461	3,006,240.00	0.66	05-23-12
Federal Home Loan Bank	(1) 06-06-11	3,000,000.00	06-06-14	1.250	3,000,000.00	2.461	3,007,290.00	0.66	06-06-12
Federal Home Loan Bank	(1) 06-13-11	3,000,000.00	06-13-14	1.150	3,000,000.00	2.461	3,007,410.00	0.66	06-13-12
Federal National Mortgage Assoc.	(1) 06-27-11	3,000,000.00	06-27-14	1.000	3,000,000.00	2.461	3,005,880.00	0.69	06-27-12
Federal Home Loan Bank	(1) 07-11-11	3,000,000.00	07-11-14	1.025	3,000,000.00	2.461	3,002,040.00	0.69	04-11-12
Federal Home Loan Bank	(1) 07-18-11	3,000,000.00	07-18-14	1.000	3,000,000.00	2.461	3,007,350.00	0.71	07-18-12
Federal National Mortgage Assoc.	(1) 08-08-11	3,000,000.00	08-08-14	1.020	3,000,000.00	2.461	3,007,740.00	0.71	08-08-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	08-28-14	0.640	3,000,000.00	2.461	2,999,640.00	0.74	08-28-12
Federal National Mortgage Assoc.	(1) 09-09-11	3,000,000.00	09-09-14	0.500	3,000,000.00	2.461	3,000,090.00	0.74	03-09-12
Federal Home Loan Mortgage Corp.	(1) 09-12-11	3,000,000.00	09-12-14	0.500	3,000,000.00	2.461	3,000,120.00	0.74	06-12-12
Federal National Mortgage Assoc.	(1) 09-12-11	3,000,000.00	09-12-14	0.625	3,000,000.00	2.461	2,999,880.00	0.74	09-12-13
Federal National Mortgage Assoc.	(1) 11-04-11	2,997,375.00	10-17-14	0.592	3,000,000.00	2.461	2,997,450.00	0.79	04-17-12
Fed Farm Credit	(1) 10-24-11	3,000,000.00	10-24-14	0.900	3,000,000.00	2.461	3,002,340.00	0.79	10-24-12
Federal Home Loan Mortgage Corp.	(1) 11-03-11	3,000,000.00	11-03-14	1.000	3,000,000.00	2.461	3,003,180.00	0.79	05-03-12
Federal National Mortgage Assoc.	(1) 11-07-11	3,000,000.00	11-07-14	0.900	3,000,000.00	2.461	3,005,340.00	0.79	11-07-12
Federal National Mortgage Assoc.	(1) 12-15-11	3,000,000.00	12-15-14	1.163	3,000,000.00	2.461	2,998,890.00	0.84	06-15-12
Federal National Mortgage Assoc.	(1) 12-22-11	3,000,000.00	12-19-14	0.750	3,000,000.00	2.461	2,997,180.00	0.84	12-19-12
Fed Farm Credit	(1) 12-22-11	3,000,000.00	12-22-14	0.770	3,000,000.00	2.461	2,999,580.00	0.84	06-22-12
Federal National Mortgage Assoc.	(1) 12-23-11	3,000,000.00	12-23-14	0.825	3,000,000.00	2.461	2,998,440.00	0.84	12-23-13
Fed Farm Credit	(1) 01-09-12	3,000,000.00	01-09-15	0.770	3,000,000.00	2.461	3,006,000.00	0.84	01-09-13
Federal Home Loan Mortgage Corp.	(1) 01-23-12	3,000,000.00	01-23-15	0.875	3,000,000.00	2.461	3,000,330.00	0.86	01-23-12
Federal National Mortgage Assoc.	(1) 01-23-12	3,000,000.00	01-23-15	0.500	3,000,000.00	2.461	2,996,610.00	0.86	01-23-13
Federal National Mortgage Assoc.	(1) 01-30-12	3,000,000.00	01-30-15	0.500	3,000,000.00	2.461	2,997,390.00	0.86	07-30-12
Federal Home Loan Bank	(1) 02-10-12	3,000,000.00	02-10-15	0.600	3,000,000.00	2.461	2,996,100.00	0.86	05-10-12
Federal Home Loan Mortgage Corp.	(1) 02-13-12	3,000,000.00	02-13-15	0.550	3,000,000.00	2.461	2,991,390.00	0.89	02-13-14
Federal Home Loan Mortgage Corp.	(1) 02-27-12	3,000,000.00	02-27-15	0.550	3,000,000.00	2.461	2,990,130.00	0.89	02-27-13

Total Securities		98,997,375.00		0.853	99,000,000.00	81.226	99,073,650.00	24.00	

I N V E S T M E N T P O R T F O L I O

29 FEB 2012

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CERTIFICATE OF DEPOSITS									
CERTIFICATE OF DEPOSIT	03-03-11	95,000.00	03-03-12	0.450	95,000.00	0.078		0.00	

Total Certificate of Deposits				0.450	95,000.00	0.078		0.00	

LIQUID ACCOUNTS									
STATE OF CALIFORNIA LAIF - CITY OF REDWOOD CITY				0.389	11,439,325.87	9.386		0.09	
COUNTY OF SAN MATEO - CITY OF REDWOOD CITY				0.900	7,842,606.63	6.435		0.06	
COUNTY OF SAN MATEO - REDEVELOPMENT AGENCY				0.900	3,504,735.45	2.876		0.03	

Total Liquid Accounts				0.643	22,786,667.95	18.696		0.19	

SUB-TOTAL			(average weighted yield)	0.813	121,881,667.95	100.00		24.19	

CASH AND INVESTMENTS WITH FISCAL AGENTS									
2000A PACIFIC SHORES BONDS-SPECIAL TAX FUND				0.000	4.45				
2000A PACIFIC SHORES-RESERVE FUND-MMF				0.100	1.67				
2001A RWC TRANS IMPROVMT - CITIBANK CD			08-26-13	1.000	182,000.00	0.795			
2001A RWC TRANS IMPROVMT - MEDALLION BANK CD			09-03-13	1.250	182,000.00	0.795			
2001A RWC TRANS IMPRVMT BONDS-RESERVE FUND-MMF				0.002	11,608.09	0.051			
2001A RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.002	108,125.00	0.472			
2003 A RDA TAX ALLOCATION BONDS-RESERVE FUND			09-28-15	1.050	1,543,000.00	6.741			
2003 PFA LS REV REFDG BONDS - RESERVE FUND - FED HOM LOAN MTG				1.680	1,100,000.00	4.806			
2003 PFA LS REV REFDG BONDS-RESERVE FUND-MMF				0.000	19,606.05	0.086			
2003A RDA TAX ALLOCATION BONDS-CONSTRUCTION FUND MMF				0.000	108,909.34	0.476			
2003A RDA TAX ALLOCATION BONDS-I&R FUND-MMF				0.000	453.56	0.002			
2003B IMPRV PHASE 2 - SYNOVUS BANK CD			03-02-12	0.006	187,000.00	0.817			
2003B IMPRV PHASE2 - GE MONEY CD			08-27-13	0.015	150,000.00	0.655			
2003B RWS TRAF IMPRV PHASE II BONDS-RESERVE-MMF				0.002	47,586.52	0.208			
2003B RWS TRANS IMPRVMT BONDS-INTEREST FUND				0.002	199,994.38	0.874			
2005 WATER REVENUE BONDS-FFCB			10-24-14	0.900	2,100,000.00	9.174			
2005A WATER REVENUE BONDS-RESERVE FUND -MMF				0.000	767.51	0.003			
2006 WATER REVENUE BONDS-FFCB			10-24-14	0.900	1,500,000.00	6.553			

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2006A WATER REV BONDS - RESERVE FUND - MONEY MARKET				0.000	816.66	0.004			
2007 RECYCLED WATER-RESERVE FUND-FSA CAPITAL MANAGEMENT			02-01-35	5.451	950,950.00	4.154			
RDA PROJECT AREA #2 SERIES 2003A-SPECIAL FUND				0.002	680,224.50	2.972			
RECYCLE WATER 2007 RESERVE FUND -MMF				0.000	25,918.14	0.113			
RECYCLE WATER PROJECT 2007A-MMF				0.000	400.03	0.002			
RWC 05A RESERVE BANK OF INDIA->GE MONEY BANK			07-23-13	1.750	87,000.00	0.380			
RWC 06A RESERVE BANK OF INDIA->ALLY BANK - CD			07-23-13	1.800	90,000.00	0.393			
RWC ONE MARINA 2011 CAPITALIZED INTEREST ACCOUNT				0.050	263,499.01	1.151			
RWC ONE MARINA 2011 IMPROVEMENT FUND				0.050	817,721.43	3.572			
RWC ONE MARINA 2011 RESERVE FUND				0.050	506,141.39	2.211			
RWC PACIFIC SHORES 2000A BOND FUND-SPECIAL TAX				0.004	1,296,581.70	5.664			
RWC PACIFIC SHORES PRINCIPAL 2001-1 RESERVE FUND-MMF				0.004	2,097,658.30	9.164			
TRAFFIC IMPACT FUND - MONEY MARKET				0.000	6,360,571.33	27.788			
2007 WATER REV BONDS - LAIF				0.460	2,271,138.96	9.922			
Total with Fiscal Agents					22,889,678.02	100.0			
TOTAL BOTH PORTFOLIOS					<u>144,771,345.97</u>				

* Difference in value between Principal Amount and Market Value may be due to timing of purchase. Some of these investments may have been purchased when interest rates were low. Principal amount also indicates PAR (face) value and does not reflect whether investment was purchased at a discount or premium. As interest rates increase or decrease the value of the investment will decrease or increase accordingly. The City's investment intention is to hold the investments to maturity thereby receiving PAR value at maturity unless the City will realize a profit by liquidating the investment prior to maturity date.

(1) Denotes investments with a maturity greater than one (1) year.

(2) Market value obtained from the Principal Portfolio statement issued by Union Bank of California, Redwood City's third party administrator.

Investment Policy - Maturity of Investments Guidelines

As of 29 FEB 2012:

\$99,000,000.00 securities

\$95,000.00 cds

\$22,786,667.95 liquids

I N V E S T M E N T P O R T F O L I O

29 FEB 2012

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\$121,881,667.95	securities & liquid = "idle funds"								
\$95,000.00	cbs								
\$22,786,667.95	liquids								
3,001,710.00	FHLMC								
3,032,580.00	FNMA								
3,002,670.00	FHLMC								
3,002,700.00	FHLB								
3,004,620.00	FFC								
3,006,930.00	FHLB								
3,006,240.00	FHLB								
3,007,290.00	FHLB								
3,007,410.00	FHLB								
3,005,880.00	FNMA								
3,002,040.00	FHLB								
3,007,350.00	FHLB								
3,007,740.00	FNMA								
3,000,090.00	FNMA								
3,000,120.00	FHLMC								
3,002,340.00	FFC								
3,003,180.00	FHLMC								
3,005,340.00	FNMA								
3,006,000.00	FFC								
3,000,330.00	FHLMC								

\$82,994,227.95	Total investments that can be sold at face value in emergency								

The following summarizes the City's investment policy liquidity and maturity requirements based on current surplus funds and the City's actual current standing:

- Policy:
- 1 Approximately 50% of idle funds will be placed in investments that can be sold at face value in event of emergency (liquid investments plus securities with market value at least equal to par value)
 - 2 Not more than 50% of idle funds shall be invested for more than one year (based on market value, maturity greater than one year)
 - 3 Not more than 25% of idle funds shall be invested for more than two years (based on market value, maturity greater than two years)

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29 FEB 2012

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result:	Based on		Actual						
	Current Investments		Investments						
	-----		-----						
	1	\$60,893,333.98							
	2	\$60,893,333.98							
	3	\$30,446,666.99							